MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210 AND 2215)

BAC2664 – AUDITING

(All sections/Groups)

17 February 2023
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 3 pages excluding cover page with 4 Questions only.
2. Answer all **FOUR** questions. Mark distribution for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

(a) Your firm acts as external auditor performing financial statement audit for Sundara Berhad, a company whose principal business activity is the manufacture and export of furniture. The directors of Sundara Berhad have asked you to explain another two types of audits which your firm may be able to carry out for them. Produce the **TWO (2)** types of audits, their nature, and an example of each type of audit.

(6 marks)

(b) Produce the **THREE (3)** main factors that influence the organizational structure of audit firms. Present the most common organizational structure of audit firms in Malaysia.

(5 marks)

(c) Below are **FOUR (4)** audit procedures which are tests of transactions associated with different audit cycles. Choose the audit cycle involved, the general transaction related objective and the relevant management assertion for each audit procedure.

(i) Foot the purchases journal and trace the totals to the related general ledger accounts.
(ii) Compare dates on the shipping documents, sales invoices, and sales journal to test for delays in recording sales transactions.
(iii) Vouch recorded sales from the sales journal to the shipping documents.
(iv) Account for the sequence of prenumbered sales invoices and shipping documents.

Please use the following template to answer this question:

Audit procedure	Audit Cycle	General transaction-related audit objective	Management assertion
(i)			
(ii)			
(iii)			
(iv)			

(6 marks)

(d) The audit process has four specific phases. Explain each of the **FOUR (4)** phases of the audit process. (8 marks)

(Total: 25 marks)

Continued ...

QUESTION 2

(a) EZ Advisory Services Sdn. Bhd. (EZ), an audit firm, is evaluating the operational effectiveness of the internal controls of its client. Present **THREE (3)** procedures that are likely to be employed by EZ to evaluate the internal control operations of its client. Briefly discuss and provide an example of each procedure.

(9 marks)

(b) Present the **EIGHT (8)** types of audit evidence. Illustrate each type of audit evidence with an example.

(16 marks)

(Total: 25 marks)

QUESTION 3

(a) The audit report is the final step in the entire audit process. Explain the **FIVE (5)** categories of audit reports namely;

(i) standard unqualified
(ii) unqualified with explanatory paragraph or modified wording
(iii) qualified
(iv) adverse
(v) disclaimer

(13 marks)

(b) The auditor's standard unqualified audit report contains **SEVEN (7)** distinct parts. Describe the seven distinct parts. (7 marks)

(c) Specify the **FIVE (5)** conditions required to issue the standard unqualified audit report. (5 marks)

(Total: 25 marks)

QUESTION 4

(a) Test of control is an important means of verifying account balances in the payroll and personnel cycle. Produce **FOUR (4)** tests of controls that can be performed for the payroll and personnel cycle. Briefly provide the purpose of each test.

(8 marks)

(b) Show the **SIX (6)** functions that make up the inventory and warehousing cycle and, for each function, provide the related documents that would be used by a manufacturing company.

(9 marks)

Continued ...

(c) You are doing the first-year audit of Waja Berhad. You have identified four major types of cash accounts maintained by Waja Berhad:

(i) General cash account
(ii) Branch bank account
(iii) Imprest petty cash fund
(iv) Cash equivalents

Demonstrate in detail each of the above type of cash account.

(8 marks)

(Total: 25 marks)

End of Paper